

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Psyence Group Inc. ("the Company")
121 Richmond Street West
Penthouse Suite, 1300,
Toronto ON M5H 2K1, Canada

Item 2 Date of Material Change

December 14, 2022

Item 3 News Release

A news release dated December 14, 2022 was distributed and subsequently filed on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Item 4 Summary of Material Change

On December 14, 2022 the Company announced it had closed a non-brokered private placement of 7,751,859 common shares at a price of CAD\$0.12 per share (the "Private Placement") for gross proceeds of CAD\$930,223. The Company intends to use the proceeds from the issuance of the shares to support the Company's palliative care clinical trial, drug development, production facility enhancement and for general working capital.

The Company also announced that executives and officers have agreed to receive 1,186,134 common shares at a price of CAD\$0.12 per common share in settlement of CAD\$142,336 in consulting fees and salaries.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See attached press release for details.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Further information relating to this Material Change Report may be obtained from:

Warwick Corden-Lloyd, CFO
Telephone: +1 416-477-1708
Email: info@psyence.com

Item 9 Date of Report

December 14, 2022

**PSYENCE GROUP ANNOUNCES CLOSING OF SECOND TRANCHE OF PRIVATE PLACEMENT AND
APPOINTMENT OF STRATEGIC ADVISOR**

Toronto, Canada/ December 14, 2022 / Psyence Group Inc. (CSE: PSYG | OTCQB: PSYGF) (“Psyence” or the “Company”), a life science biotechnology company pioneering the use of natural psychedelics in mental health and well-being is pleased to announce that it has closed the second tranche of its previously announced private placement of up to CAD\$3 million. The Company has issued 7,751,859 common shares at a price of CAD\$0.12 per common share for gross proceeds of CAD\$930,223 in addition to the previously announced closing of the first tranche for gross proceeds of CAD\$1.22 million from a consortium led by Brandon Kerzner, a member of the globally recognised Kerzner family.

The non-brokered private placement is subject to the approval of the CSE, and the securities will be subject to a four month hold period under securities laws. Net proceeds from the non-brokered private placement will be used to advance the Company’s palliative care clinical trial, drug development and for general working capital.

The Company is also pleased to announce the appointment of seasoned executive Christopher Bull as strategic advisor. Christopher will assist with technology patterning and strategic cross-licensing arrangements, patents and investor relations. Christopher is a qualified chemical engineer, attorney, patent attorney and Certified Licensing Professional®. Christopher is internationally recognised for his skills in relation to the development and execution of venture capital investment, patent, and intellectual property strategies for high-technology companies. He has been an investor, director, founder, and advisor to a range of successful companies in Europe and North America with novel technologies in the fields of pharmaceuticals, biotechnology, food sciences, chemical processing, and extraction technologies.

Furthermore, the Company announces that as a sign of confidence in the business, executives and officers have agreed to receive 1,186,134 common shares at a price of CAD\$0.12 per common share in settlement of CAD\$142,336 in consulting fees and salaries. All common shares have a hold period of four months and a day. The executives and officers of the Company are deemed Insiders (the “**Insiders**”) and issuance of common shares is considered a “related party transaction” pursuant to Multilateral Instrument 61-101—Protection of Minority Holders in Special Transactions (“**MI 61-101**”). The Company was exempt from the requirements to obtain a formal valuation or minority shareholder approval in connection with the Insider’s issuance pursuant to sections 5.5(a) and 5.7(1)(a) of MI 61-101 as it does not exceed 25% of the market capitalization of the Company.

ABOUT PSYENCE GROUP: www.psyence.com

Psyence is a life science biotechnology company listed on the Canadian Securities Exchange (CSE: PSYG) and quoted on the OTCQB (OTCQB: PSYGF), with a focus on natural psychedelics. Psyence works with natural psilocybin products for the healing of psychological trauma and its mental health consequences in the context of palliative care. Our name “Psyence” combines the words *psychedelic* and *science* to affirm our commitment to producing psychedelic medicines developed through evidence-based research.

Informed by nature and guided by science, we built and operate one of the world’s first federally licensed commercial psilocybin mushroom cultivation and production facilities in Southern Africa. Our team brings international experience in both business and science and includes experts in mycology,

neurology, palliative care, and drug development. We work to develop advanced natural psilocybin products for clinical research and development.

Our key divisions, Psyence Production, Psyence Therapeutics and Psyence Function, anchor an international collaboration, with operations in Canada, the United Kingdom, Southern Africa, and a presence in the United States and Australia.

Contact information

Katherine Murphy, Investor Relations

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Media Inquiries: media@psyence.com

General Information: info@psyence.com

FORWARD LOOKING STATEMENTS:

Certain statements in this news release related to Psyence Group Inc and its subsidiaries (collectively the "Company") are forward-looking statements and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as "may", "should", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements in this news release include statements regarding the procurement of all such regulatory approvals as may be required to implement the non-brokered private placement and the Company's intentions to raise additional finance. These forward-looking statements are based on a number of assumptions, including the assumptions that the Company's applications for the aforementioned regulatory approvals will be successful, that there will be further appetite in the market for investment into the Company and that all conditions to which the non-brokered private placement are subject will be met. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. These risks and uncertainties include demand for the Company's securities being less than anticipated, fluctuations in the price the Company's common shares, and the Company not raising the amount expected, or any funds at all. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.

The Company makes no medical, treatment or health benefit claims about the Company's proposed products. The efficacy of psilocybin, psilocybin analogues, or other psychedelic compounds or nutraceutical products remains the subject of ongoing research. There is no assurance that the use of psilocybin, psilocybin analogues, or other psychedelic compounds or nutraceuticals can diagnose, treat, cure or prevent any disease or condition. Vigorous scientific research and clinical trials are needed. The Company has not conducted clinical trials for the use of its proposed products. Any references to quality, consistency, efficacy, and safety of potential products do not imply that the Company verified such in clinical trials or that the Company will complete such trials. If the Company cannot obtain the approvals or research necessary to commercialize its business, it may have a material adverse effect on the Company's performance and operations.